

6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R04-OAR-2018-0799; FRL-9989-58-Region 4]

Air Plan Approval; Kentucky; Regional Haze Plan and Prong 4 (Visibility) for the 1997

Ozone, 2010 NO₂, 2010 SO₂, and 2012 PM_{2.5} NAAQS

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA) is proposing to take the following four actions regarding the Kentucky State Implementation Plan (SIP): approve Kentucky's November 16, 2018, SIP submittal seeking to change reliance from the Clean Air Interstate Rule (CAIR) to the Cross-State Air Pollution Rule (CSAPR) for certain regional haze requirements; convert EPA's limited approval/limited disapproval of Kentucky's regional haze plan to a full approval; remove EPA's Federal Implementation Plan (FIP) for Kentucky which replaced reliance on CAIR with reliance on CSAPR to address the deficiencies identified in the limited disapproval of Kentucky's regional haze plan; and approve the visibility prong of Kentucky's infrastructure SIP submittals for the 1997 Ozone, 2010 Nitrogen Dioxide (NO₂), 2010 Sulfur Dioxide (SO₂), and 2012 Fine Particulate Matter (PM_{2.5}) National Ambient Air Quality Standards (NAAQS).

DATES: Comments must be received on or before [Insert date 30 days after date of publication in the Federal Register].

ADDRESSES: Submit your comments, identified by Docket ID No EPA-R04-OAR-2018-0799 at https://www.regulations.gov. Follow the online instructions for submitting comments. Once

submitted, comments cannot be edited or removed from Regulations.gov. EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. EPA will generally not consider comments or comment contents located outside of the primary submission (i.e., on the web, cloud, or other file sharing system). For additional submission methods, the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit https://www2.epa.gov/dockets/commenting-epa-dockets.

FOR FURTHER INFORMATION CONTACT: Michele Notarianni, Air Regulatory Management Section, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW, Atlanta, Georgia 30303-8960. Ms. Notarianni can be reached by telephone at (404) 562-9031 or via electronic mail at notarianni.michele@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Background

A. Regional Haze Plans and Their Relationship with CAIR and CSAPR

Section 169A(b)(2)(A) of the Clean Air Act (CAA or Act) requires states to submit regional haze plans that contain such measures as may be necessary to make reasonable progress towards the natural visibility goal, including a requirement that certain categories of existing major stationary sources built between 1962 and 1977 procure, install, and operate Best Available Retrofit Technology (BART) as determined by the state. Under the Regional Haze

Rule (RHR), states are directed to conduct BART determinations for such "BART-eligible" sources that may be anticipated to cause or contribute to any visibility impairment in a Class I area. Rather than requiring source-specific BART controls, states also have the flexibility to adopt an emissions trading program or other alternative program as long as the alternative provides greater reasonable progress towards improving visibility than BART. *See* 40 CFR 51.308(e)(2). EPA provided states with this flexibility in the RHR, adopted in 1999, and further refined the criteria for assessing whether an alternative program provides for greater reasonable progress in two subsequent rulemakings. *See* 64 FR 35714 (July 1, 1999); 70 FR 39104 (July 6, 2005); 71 FR 60612 (October 13, 2006).

EPA demonstrated that CAIR would achieve greater reasonable progress than BART in revisions to the regional haze program made in 2005. See 70 FR 39104 (July 6, 2005). In those revisions, EPA amended its regulations to provide that states participating in the CAIR cap-and-trade programs pursuant to an EPA-approved CAIR SIP or states that remain subject to a CAIR FIP need not require affected BART-eligible electric generating units (EGUs) to install, operate, and maintain BART for emissions of SO₂ and nitrogen oxides (NOx). As a result of EPA's determination that CAIR was "better-than-BART," a number of states in the CAIR region, including Kentucky, relied on the CAIR cap-and-trade programs as an alternative to BART for EGU emissions of SO₂ and NOx in designing their regional haze plans. These states also relied on CAIR as an element of a long-term strategy (LTS) for achieving their reasonable progress goals (RPGs) for their regional haze programs. However, in 2008, the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) remanded CAIR to EPA without vacatur to preserve the environmental benefits provided by CAIR. North Carolina v. EPA, 550

 $^{^{1}}$ CAIR created regional cap-and-trade programs to reduce SO_{2} and NOx emissions in 27 eastern states (and the District of Columbia), including Kentucky, that contributed to downwind nonattainment or interfered with maintenance of the 1997 8-hour ozone NAAQS or the 1997 $PM_{2.5}$ NAAQS.

F.3d 1176, 1178 (D.C. Cir. 2008). On August 8, 2011 (76 FR 48208), acting on the D.C. Circuit's remand, EPA promulgated CSAPR to replace CAIR and issued FIPs to implement the rule in CSAPR-subject states.² Implementation of CSAPR was scheduled to begin on January 1, 2012, when CSAPR would have superseded the CAIR program.

Due to the D.C. Circuit's 2008 ruling that CAIR was "fatally flawed" and its resulting status as a temporary measure following that ruling, EPA could not fully approve regional haze plans to the extent that they relied on CAIR to satisfy the BART requirement and the requirement for a LTS sufficient to achieve the state-adopted RPGs. On these grounds, on June 7, 2012 (77 FR 33642), EPA promulgated a FIP to replace reliance on CAIR with reliance on CSAPR to address the deficiencies in Kentucky's regional haze plan. EPA had already finalized a limited disapproval of Kentucky's regional haze plan on March 30, 2012 (77 FR 19098) due to the deficiencies created by the plan's reliance on CAIR for certain regional haze requirements. In the same March 30, 2012, action, EPA also finalized a limited approval of the Commonwealth's regional haze plan as meeting the remaining applicable regional haze requirements set forth in the CAA and the RHR.

In the June 7, 2012, action, EPA also amended the RHR to provide that participation by a state's EGUs in a CSAPR trading program for a given pollutant – either a CSAPR federal trading program implemented through a CSAPR FIP or an integrated CSAPR state trading program

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² CSAPR requires 28 eastern states to limit their statewide emissions of SO₂ and/or NOx in order to mitigate transported air pollution unlawfully impacting other states' ability to attain or maintain four NAAQS: the 1997 ozone NAAQS, the 1997 annual PM_{2.5} NAAQS, the 2006 24-hour PM_{2.5} NAAQS, and the 2008 8-hour ozone NAAQS. The CSAPR emissions limitations are defined in terms of maximum statewide "budgets" for emissions of annual SO₂, annual NOx, and/or ozone-season NOx by each covered state's large EGUs. The CSAPR state budgets are implemented in two phases of generally increasing stringency, with the Phase 1 budgets applying to emissions in 2015 and 2016 and the Phase 2 budgets applying to emissions in 2017 and later years.

³ Throughout this document, references to Kentucky's (or the Commonwealth's) "regional haze plan" refer to Kentucky's original June 25, 2008, regional haze SIP submittal, as later amended in a SIP revision submitted on May 28, 2010.

⁴ On May 11, 2012, EPA published a final rule correcting an inadvertent error in the March 30, 2012, rule regarding the entry for Kentucky's regional haze plan in the table of non-regulatory provisions at 40 CFR 52.920(e). *See* 77 FR 27626.

implemented through an approved CSAPR SIP revision – qualifies as a BART alternative for those EGUs for that pollutant. *See* 40 CFR 51.308(e)(4). Since EPA promulgated this amendment, numerous states covered by CSAPR have come to rely on the provision through either SIPs or FIPs.⁵

Numerous parties filed petitions for review of CSAPR in the D.C. Circuit, and on August 21, 2012, the court issued its ruling, vacating and remanding CSAPR to EPA and ordering continued implementation of CAIR. EME Homer City Generation, L.P. v. EPA, 696 F.3d 7, 38 (D.C. Cir. 2012). The D.C. Circuit's vacatur of CSAPR was reversed by the United States Supreme Court on April 29, 2014, and the case was remanded to the D.C. Circuit to resolve remaining issues in accordance with the high court's ruling. EPA v. EME Homer City Generation, L.P., 134 S. Ct. 1584 (2014). On remand, the D.C. Circuit affirmed CSAPR in most respects, but invalidated without vacating some of the CSAPR budgets to a number of states. EME Homer City Generation, L.P. v. EPA, 795 F.3d 118 (D.C. Cir. 2015). The remanded budgets included the Phase 2 SO₂ emissions budgets for four states and the Phase 2 ozone-season NOx budgets for 11 states. This litigation ultimately delayed implementation of CSAPR for three years, from January 1, 2012, when CSAPR's cap-and-trade programs were originally scheduled to replace the CAIR cap-and-trade programs, to January 1, 2015. Thus, the rule's Phase 2 budgets that were originally promulgated to begin on January 1, 2014, began on January 1, 2017. EPA has now taken all actions necessary to address the remanded CSAPR budgets.

On September 29, 2017 (82 FR 45481), EPA issued a final rule affirming the continued validity of the Agency's 2012 determination that participation in CSAPR meets the RHR's

⁵ In 2012, EPA promulgated FIPs relying on CSAPR participation for BART purposes for several states, including Kentucky. *See e.g.*, 77 FR33654. EPA has also approved SIPs from several states relying on CSAPR participation for BART purposes. *See*, *e.g.*, 82 FR 47393 (October 12, 2017) (Alabama); 82 FR 47930 (October 13, 2017) (Georgia); and 83 FR 48237 (September 24, 2018) (South Carolina and Tennessee).

criteria for an alternative to the application of source-specific BART.⁶ In that action, EPA determined that changes to CSAPR's geographic scope resulting from the actions EPA has taken in response to the D.C. Circuit's budget remand do not affect the continued validity of participation in CSAPR as a BART alternative.

Kentucky's November 16, 2018, SIP submittal seeks to correct the deficiencies identified in the March 30, 2012, limited disapproval of its regional haze plan by replacing reliance on CAIR with reliance on CSAPR. EPA is proposing to approve Kentucky's request that EPA amend the Commonwealth's regional haze plan by replacing its reliance on CAIR with CSAPR. EPA is proposing to approve this SIP submittal and amend the SIP accordingly.

B. Infrastructure SIPs

By statute, plans meeting the requirements of sections 110(a)(1) and (2) of the CAA are to be submitted by states within three years (or less, if the Administrator so prescribes) after promulgation of a new or revised NAAQS to provide for the implementation, maintenance, and enforcement of the new or revised NAAQS. EPA has historically referred to these SIP submissions made for the purpose of satisfying the requirements of sections 110(a)(1) and 110(a)(2) as "infrastructure SIP" submissions. Sections 110(a)(1) and (2) require states to address basic SIP elements such as monitoring, basic program requirements, and legal authority that are designed to assure attainment and maintenance of the newly established or revised NAAQS. More specifically, section 110(a)(1) provides the procedural and timing requirements for infrastructure SIP submissions. Section 110(a)(2) lists specific elements that states must meet for the infrastructure SIP requirements related to a newly established or revised NAAQS. The contents of an infrastructure SIP submission may vary depending upon the data and

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⁶ Legal challenges to this rule are pending. *Nat'l Parks Conservation Ass'n* v. *EPA*, No. 17–1253 (D.C. Cir. filed November 28, 2017).

analytical tools available to the state, as well as the provisions already contained in the state's implementation plan at the time in which the state develops and submits the submission for a new or revised NAAQS.

Section 110(a)(2)(D) has two components: 110(a)(2)(D)(i) and 110(a)(2)(D)(ii). Section 110(a)(2)(D)(i) includes four distinct components, commonly referred to as "prongs," that must be addressed in infrastructure SIP submissions. The first two prongs, which are codified in section 110(a)(2)(D)(i)(I), are provisions that prohibit any source or other type of emissions activity in one state from contributing significantly to nonattainment of the NAAQS in another state (prong 1) and from interfering with maintenance of the NAAQS in another state (prong 2). The third and fourth prongs, which are codified in section 110(a)(2)(D)(i)(II), are provisions that prohibit emissions activity in one state from interfering with measures required to prevent significant deterioration of air quality in another state (prong 3) or from interfering with measures to protect visibility in another state (prong 4). Section 110(a)(2)(D)(ii) requires SIPs to include provisions ensuring compliance with sections 115 and 126 of the Act, relating to interstate and international pollution abatement.

Through this action, EPA is proposing to approve the prong 4 portions of Kentucky's infrastructure SIP submissions for the 1997 ozone, 2010 NO₂, 2010 SO₂, and 2012 PM_{2.5} NAAQS, as discussed in section III of this notice. All other applicable infrastructure SIP requirements for these SIP submissions have been or will be addressed in separate rulemakings. A brief background regarding the NAAQS relevant to this proposal is provided below. For comprehensive information on these NAAQS, please refer to the **Federal Register** notices cited in the following subsections.

1. 1997 8-Hour Ozone NAAQS

On July 16, 1997, EPA promulgated a new NAAQS for ozone based on 8-hour average concentrations. The 8-hour averaging period replaced the previous 1-hour averaging period, and the level of the NAAQS was changed from 0.12 parts per million (ppm) to 0.08 ppm. *See* 62 FR 38856 (July 18, 1997). States were required to submit infrastructure SIP submissions for the 1997 8-hour ozone NAAQS to EPA no later than July 16, 2000. For the 1997 8-hour ozone NAAQS, EPA is proposing to approve the prong 4 element of the infrastructure SIP submission submitted by Kentucky on December 13, 2007.

2. 2010 1-hour SO₂ NAAQS

On June 2, 2010, EPA revised the 1-hour primary SO₂ NAAQS to an hourly standard of 75 parts per billion (ppb) based on a 3-year average of the annual 99th percentile of 1-hour daily maximum concentrations. *See* 75 FR 35520 (June 22, 2010). States were required to submit infrastructure SIP submissions for the 2010 1-hour SO₂ NAAQS to EPA no later than June 2, 2013. For the 2010 1-hour SO₂ NAAQS, EPA is proposing to approve prong 4 of the infrastructure SIP submission submitted by Kentucky on April 26, 2013.⁸

3. 2010 1-hour NO₂ NAAQS

On January 22, 2010, EPA promulgated a new 1-hour primary NAAQS for NO₂ at a level of 100 ppb, based on a 3-year average of the 98th percentile of the yearly distribution of 1-hour daily maximum concentrations. *See* 75 FR 6474 (February 9, 2010). States were required to submit infrastructure SIP submissions for the 2010 1-hour NO₂ NAAQS to EPA no later than

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⁷ EPA approved portions of Kentucky's December 13, 2007, 1997 8-hour ozone infrastructure submission in a separate action. *See* 76 FR 41088 (July 13, 2011).

⁸ EPA approved portions of Kentucky's April 26, 2013, SO₂ infrastructure submission in a separate action. *See* 81 FR 87817 (December 6, 2016).

January 22, 2013. For the 2010 1-hour NO₂ NAAQS, EPA is proposing to approve the prong 4 element of the infrastructure SIP submission submitted by Kentucky on April 26, 2013.⁹

4. $2012 PM_{2.5} NAAQS$

On December 14, 2012, EPA revised the annual primary PM_{2.5} NAAQS to 12.0 micrograms per cubic meter (µg/m³). *See* 78 FR 3086 (January 15, 2013). States were required to submit infrastructure SIP submissions for the 2012 PM_{2.5} NAAQS to EPA no later than December 14, 2015. For the 2012 PM_{2.5} NAAQS, EPA is proposing to approve prong 4 of the infrastructure SIP submission submitted by Kentucky on February 8, 2016.¹⁰

II. What Are the Prong 4 Requirements?

CAA section 110(a)(2)(D)(i)(II) requires a state's implementation plan to contain provisions prohibiting sources in that state from emitting pollutants in amounts that interfere with any other state's efforts to protect visibility under part C of the CAA (which includes sections 169A and 169B). EPA most recently issued guidance for infrastructure SIPs on September 13, 2013 (2013 Guidance). The 2013 Guidance states that these prong 4 requirements can be satisfied by approved SIP provisions that EPA has found to adequately address any contribution of that state's sources that impacts the visibility program requirements in other states. The 2013 Guidance also states that EPA interprets this prong to be pollutant-specific, such that the infrastructure SIP submission need only address the potential for interference with protection of visibility caused by the pollutant (including precursors) to which the new or revised NAAQS applies.

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⁹ EPA approved portions of Kentucky's April 26, 2013, NO₂ infrastructure submission in separate actions. *See* 81 FR 83152 (November 21, 2016) and 80 FR 14019 (March 18, 2015).

¹⁰ EPA approved portions of Kentucky's February 8, 2016, PM_{2.5} infrastructure submission in separate actions. *See* 82 FR 37012 (August 8, 2017) and 83 FR 48387 (September 25, 2018).

Guidance on Infrastructure State Implementation Plan (SIP) Elements under Clean Air Act Sections 110(a)(1) and 110(a)(2), Memorandum from Stephen D. Page, September 13, 2013.

The 2013 Guidance lays out how a state's infrastructure SIP submission may satisfy prong 4. One way that a state can meet the requirements is via confirmation in its infrastructure SIP submission that the state has an approved regional haze plan that fully meets the requirements of 40 CFR 51.308 or 40 CFR 51.309. 40 CFR 51.308 and 51.309 specifically require that a state participating in a regional planning process include all measures needed to achieve its apportionment of emission reduction obligations agreed upon through that process. A fully approved regional haze plan will ensure that emissions from sources under an air agency's jurisdiction are not interfering with measures required to be included in other air agencies' plans to protect visibility.

Alternatively, in the absence of a fully approved regional haze plan, a state may meet the requirements of prong 4 through a demonstration in its infrastructure SIP submission that emissions within its jurisdiction do not interfere with other air agencies' plans to protect visibility. Such an infrastructure SIP submission would need to include measures to limit visibility-impairing pollutants and ensure that the reductions conform with any mutually agreed regional haze RPGs for mandatory Class I areas in other states.

III. What Is EPA's Analysis of How Kentucky Addressed Prong 4 and Regional Haze?

The Commonwealth's December 13, 2007, 1997 8-hour ozone submission; April 26, 2013, 2010 1-hour NO₂ and 2010 1-hour SO₂ submission; and February 8, 2016, 2012 annual PM_{2.5} submission rely on Kentucky's regional haze plan to satisfy its prong 4 requirements. However, EPA has not fully approved Kentucky's regional haze plan as the Agency issued a limited disapproval of the plan on March 30, 2012 (77 FR 19098), due to its reliance on CAIR. Kentucky submitted a SIP revision on November 16, 2018, to replace reliance on CAIR with reliance on CSAPR for certain regional haze provisions.

EPA is proposing to approve the Commonwealth's November 16, 2018, SIP revision replacing reliance on CAIR with CSAPR, and to convert EPA's previous action on Kentucky's regional haze plan from a limited approval/limited disapproval to a full approval because final approval of the SIP revision would correct the deficiencies that led to EPA's limited approval/limited disapproval of the Commonwealth's regional haze plan. Specifically, EPA's approval of Kentucky's November 16, 2018, SIP revision would satisfy the SO₂ and NOx BART requirements; the Commonwealth's reasonable progress obligations with respect to SO₂ emissions from EGUs formerly subject to CAIR; and, in part, the requirement that the Commonwealth's LTS contain the measures necessary to achieve reasonable progress. Thus, EPA is also proposing to remove EPA's FIP for Kentucky which replaced reliance on CAIR with reliance on CSAPR to address the deficiencies identified in the limited disapproval of Kentucky's regional haze plan. Because a state may satisfy prong 4 requirements through a fully approved regional haze plan, EPA is therefore also proposing to approve the prong 4 portion of Kentucky's December 13, 2007, 1997 8-hour ozone submission; April 26, 2013, 2010 1-hour NO₂ and 2010 1-hour SO₂ submission; and February 8, 2016, 2012 annual PM_{2.5} submission.

IV. Proposed Action

As described above, EPA is proposing to take the following actions: 1) approve

Kentucky's November 16, 2018, SIP submission to change reliance from CAIR to CSAPR in its
regional haze plan; 2) convert EPA's limited approval/limited disapproval of Kentucky's
regional haze plan to a full approval; 3) remove EPA's FIP for Kentucky which replaced reliance
on CAIR with reliance on CSAPR to address the deficiencies identified in the limited
disapproval of Kentucky's regional haze plan; and 4) approve the prong 4 portion of Kentucky's
December 13, 2007, 1997 8-hour ozone submission; April 26, 2013, 2010 1-hour NO₂ and 2010

1-hour SO₂ submission; and February 8, 2016, 2012 annual PM_{2.5} submission. All other applicable infrastructure requirements for the infrastructure SIP submissions have been or will be addressed in separate rulemakings.

V. Statutory and Executive Order Reviews

Under the CAA, the Administrator is required to approve a SIP submission that complies with the provisions of the Act and applicable Federal regulations. *See* 42 U.S.C. 7410(k); 40 CFR 52.02(a). Thus, in reviewing SIP submissions, EPA's role is to approve state choices, provided they meet the criteria of the CAA. These actions merely propose to approve state law as meeting Federal requirements and remove a FIP and do not impose additional requirements beyond those imposed by state law. For that reason, these proposed actions:

- Are not significant regulatory actions subject to review by the Office of Management and Budget under Executive Orders 12866 (58 FR 51735, October 4, 1993) and 13563 (76 FR 3821, January 21, 2011);
- Are not Executive Order 13771 (82 FR 9339, February 2, 2017) regulatory actions because these actions are either exempted or not significant under Executive Order 12866;
- Do not impose an information collection burden under the provisions of the Paperwork Reduction Act (44 U.S.C. 3501 et seq.);
- Are certified as not having a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.);
- Do not contain any unfunded mandate or significantly or uniquely affect small governments, as described in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4);

- Do not have Federalism implications as specified in Executive Order 13132 (64 FR 43255, August 10, 1999);
- Are not economically significant regulatory actions based on health or safety risks subject to Executive Order 13045 (62 FR 19885, April 23, 1997);
- Are not significant regulatory actions subject to Executive Order 13211 (66 FR 28355, May 22, 2001);
- Are not subject to requirements of Section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) because application of those requirements would be inconsistent with the CAA; and
- Do not provide EPA with the discretionary authority to address, as appropriate,
 disproportionate human health or environmental effects, using practicable and legally
 permissible methods, under Executive Order 12898 (59 FR 7629, February 16, 1994).

The SIP is not approved to apply on any Indian reservation land or in any other area where EPA or an Indian tribe has demonstrated that a tribe has jurisdiction. In those areas of Indian country, the proposed actions do not have tribal implications as specified by Executive Order 13175 (65 FR 67249, November 9, 2000), nor will they impose substantial direct costs on tribal governments or preempt tribal law.

List of Subjects in 40 CFR Part 52

Environmental protection, Administrative practice and procedure, Air pollution control,

Incorporation by reference, Intergovernmental relations, Nitrogen dioxide, Ozone, Particulate

Matter, Reporting and recordkeeping requirements, Sulfur oxides.

Authority: 42 U.S.C. 7401 et seq.

Dated: February 5, 2019.

Mary S. Walker

Acting Regional Administrator,

Region 4.

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